

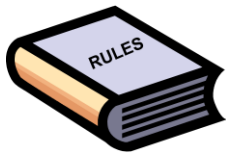
GUIDANCE ON PROCUREMENT PROCESS

OREGON DEPARTMENT OF JUSTICE, CRIME VICTIM AND SURVIVOR SERVICES DIVISION

WHAT IS PROCUREMENT AND WHY DOES IT MATTER TO YOU?

“Procurement” is the process of choosing vendors, establishing payment terms, negotiating contracts, and purchasing goods and services.

As a recipient of federal funds it’s important for you to know the rules that govern the way you purchase goods and services with subaward money so you can comply with your subaward requirements.



You must use your agency’s own documented procurement procedures for procurement transactions using Federal award funds. Your procedures must be consistent with applicable State, local and tribal laws and regulations. If your agency’s thresholds are higher than the Federal thresholds described in this document you must use the Federal thresholds.

YOUR AGENCY IS REQUIRED TO:

- Formally document and periodically review your procurement procedures to make sure you comply with applicable regulations. A State must follow the same policies and procedures it uses for the State’s procurement for its non-Federal funds.
- Maintain written standards of conduct covering conflict of interest and employee participation in the selection, award and administration of contracts.
- Ensure that contractors with whom you contract perform according to the terms, conditions and specifications of your subaward.
 - Contracts should only be awarded to responsible contractors who are able to successfully perform the terms and conditions of proposed contract.
- Maintain records that detail the history of all procurements. These records should include, but are not limited to:
 - Rationale for the method of procurement,
 - Selection of contract type,
 - Contractor selection and/or rejection process, and
 - Basis for the contract prices.

PROCUREMENT METHODS:

There are several methods of procurement. The two most commonly used by sub-recipients are:

- Procurement by Small Purchases (and Micro-Purchases)
- Procurement by Non-Competitive Proposal (Sole Source)

Procurement by Small Purchases (including Micro-Purchases)

Small purchase procedures are those relatively simple and informal procurement methods for obtaining services, supplies, or other property that do not cost more than the Simplified Acquisition Threshold (currently set at \$250,000).

Procurement by Micro-Purchase is the purchase of supplies or services, the total dollar amount of which does not exceed the micro-purchase threshold (currently set at \$50,000). Purchase orders may be

awarded without soliciting any competitive quotes if your agency considers the costs to be reasonable. Your agency must, to the extent possible, distribute these purchases equitably among qualified suppliers.

For example, a purchase of a copy machine in the amount of \$5,000 can be treated as “a micro-purchase.” No rate competitive quotes are necessary for the purchase. A cost or price analysis is not required. However, in accordance with your agency’s written policies, which may include strategic sourcing, bulk purchasing, or blanket purchase agreements, your agency must consider whether to make the purchase from any one of a number of suppliers.

“Blanket” purchase agreements are often used by government agencies to fill repetitive needs for supplies or services. They are similar to “charge accounts” set up with trusted suppliers. The existence of a “blanket” agreement does not necessarily obligate the agency to place any orders. It also does not obligate the vendor to accept any orders.

For purchases above \$50,000, and up to the Simplified Acquisition threshold (currently set at \$250,000), informal purchasing procedures are acceptable, but **price or rate quotes must be obtained** from an adequate number of qualified sources and kept on file. It is up to your agency’s discretion, as reflected in your written policy, to determine the “adequate” number of qualified sources (i.e., any number greater than one) and the methods of obtaining the price or rate quotes.

Simplified procedures may include the following:

- Telephone or electronic price quotes
- Unadvertised written quotes
- Blanket purchase agreements
- Credit cards
- Petty cash fund

For example, a purchase order for computer supplies in the amount \$55,000 can be treated as a small purchase order. This purchase order requires a rate quote from at least two sources, which can be obtained in writing from two suppliers or research done on public websites. A cost or price analysis is not required. In addition, if the computer supplies are of special quality that is offered by only one company or only one company can deliver in the time frame required for the project, the purchase order can be made under the sole source purchase provision, as described below.



WHAT’S THE DIFFERENCE BETWEEN A QUOTE AND A BID?

- Quotes may be obtained from vendors from whom you wish to purchase items directly.
- Bids are from contractors and include labor (whether charged or donated).

If you have questions, call your fund coordinator for assistance.

While it is up to your agency’s discretion, Crime Victim and Survivor Services Division (CVSSD) recommends the following:

- a minimum of 3 bids for any procurement that includes labor charges
- a minimum of 3 quotes from vendors for the purchase of items over \$50,000, or for the cumulative cost of like items purchased in bulk, (i.e., 9 computers together totaling \$50,000 or more). See below regarding the “splitting” of purchases.



“SPLITTING” OF PURCHASES

“Order splitting” is reducing an order below the small purchase threshold in order to avoid a more complex procurement method. **This practice is not allowed.**

When using either the small purchase or micro-purchase methods you **must avoid** the intentional “splitting” of purchases or transactions in an effort to get around the dollar threshold limits.

A repetitive, frequent buying pattern for goods or services that results in multiple contracts under small- or micro-purchase thresholds may indicate that inappropriate purchase splitting has occurred. This is unallowable if you do not have strong business or programmatic reasons to support the practice.

Small Purchases Checklist

Question	Yes	No
1. Is the estimated cost of the purchase or service below the established simplified acquisition threshold? If the answer is “Yes,” a purchase order may be used.		
2. Are there available local vendors that may logistically satisfy the requirement? If the answer is “No,” consider additional lead-time required to solicit vendors outside the local area.		
3. May the purchase or request for service be covered by an existing “Blanket” purchase agreement? If the answer is “Yes,” use the existing Blanket Purchase Agreement. If the answer is “No,” obtain quotes or bids from at least two vendors in accordance with agency procedures.		
4. Has the purchase or request for service been “split” to be below the mandatory purchase agreement monetary level? (Order splitting is an unallowable practice.) If the answer is “Yes,” another method must be used.		

Procurement by Non-Competitive Proposal

Also known as **sole-source procurement**, this may be appropriate only when specific criteria are met. Common examples of allowable circumstances include:

1. When an item is available only from one source,
2. When a public emergency does not allow for the time of the competitive proposal process,
3. When the federal awarding agency authorizes, or
4. After a number of attempts at a competitive process, the competition is deemed inadequate.

CVSSD requires that **any sole source procurement over \$50,000 must have prior approval** of CVSSD. Sole source procurement under \$50,000 does not need prior approval; however, sub-recipients must retain documentation to justify sole source procurement. A request for approval must be accompanied by justification for using the sole source procurement method.

Sole Source Justification Sample Outline

The following should be included in a Sole Source justification:

1. Brief description of program and the product or service being procured, to include the expected procurement amount.
2. Explanation of why it is necessary to contract non-competitively, including at least one of the four circumstances listed above. The justification may also include the following contractor qualities:
 - a. Organizational expertise
 - b. Management
 - c. Knowledge of the program
 - d. Responsiveness
 - e. Expertise of personnel
3. Description of the required time frame within which work must be performed, and how the program will be negatively impacted if the dates of performance are not met (for example, how long it would take another contractor to reach the same level of competence). Make sure to include the financial impact in dollars.
4. Outline of the unique qualities of the contractor
5. Other points to “sell the case”
6. Declaration that this action is in the “best interest” of the sub-recipient agency and/or the Federal Government
7. Conflict of Interest Review

Please Note:

Time constraints will not be considered a factor if you did not seek competitive bids in a timely manner.

For purchases over the simplified acquisition threshold (\$250,000), the stricter methods of either **sealed bids** (if your agency has very specific parameters for the purchase) or **competitive proposals** are required. You can access the [Guide to Procurement Under DOJ Grants](#) or talk with your fund coordinator for more information about these methods.

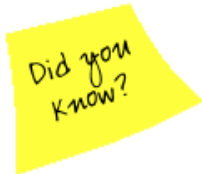
SCREENING CRITERIA FOR SERVICE CONTRACTORS:

If your agency is screening contractors or other service agents for provision of services, CVSSD requires your agency to take reasonable steps to ensure:

1. Ability of the contractor (or other service agent) to deliver effective high-quality services.
2. Adequate experience and expertise of the contractor, or the contracting agency, in providing allowable services to the program (minimum two years of experience providing the requested service is preferred).
3. Adequate support staff and resources available to the contractor for timely job completion.
4. Compliance of the contractor with all applicable state laws pertaining to services, workmanship and insurance.
5. Remodeling services paid for through a subaward are provided by a licensed contractor in good standing with Oregon State Construction Contractor’s Board. As a licensure requirement,

contractors must be bonded. The applicant agency may screen and enter into contract with single or multiple contractors or individual contractors in order to acquire services. To verify licensure, Call (503) 378-4621.

6. All contractors must comply with the requirements of the OAR Tax Laws and ORS 656.017, unless they are exempt.



WHEN HIRING A CONSULTANT:

- Compensation for a consultant must be reasonable and consistent with what is paid for similar services in the marketplace.
- The rate must not exceed \$650 per day or \$81.25 per hour.
- You need written prior approval from CVSSD to exceed these amounts. This will require additional justification.
- For more explanation see Chapter 3.6: Costs Requiring Prior Approval of the [DOJ Grants Financial Guide](#) or talk with your fund coordinator.

You must send copies of all contracts to your fund coordinator when finalized.

PROPERTY AND EQUIPMENT:

When you purchase equipment with Federal subaward funds you must manage that equipment according to State laws and procedures for property.

Sub-recipient procedures for managing equipment (including replacement equipment) purchased in whole or in part under a Federal award must meet the following minimum requirements until disposition takes place:

Property records

You must maintain property records that include all of the following information:

- Description of the property
- Serial number or other identification number
- Source of the property, including the federal award identification number
- Identification of the title holder
- Acquisition date
- Cost of the property
- Percentage of Federal participation in the cost of the property
- Location of the property
- Use and condition of the property
- Disposition data, including the date of disposal and sale price

Inventory

You must take a physical inventory of the property and reconcile the results with the property records at least once every 2 years.

Maintenance procedures

You must establish and use adequate maintenance procedures to keep the property in good condition.

Control system

You must have a control system in place with safeguards to prevent loss, damage, and theft. You must:

- Promptly and properly investigate and fully document any loss, damage, or theft, and make the documentation part of the official project records. 2 C.F.R. § 200.313 (d)(3).
- Provide at least the same level of insurance coverage for real property and equipment purchased or improved with Federal funds as you provide for other property and equipment owned by your agency. Federally-owned property need not be insured unless required by your award. 2.C.F.R. § 200.310.
- Be responsible for replacing or repairing property that is willfully or negligently lost, stolen, damaged, or destroyed.

Proper sales procedures

If authorized or required to sell the property, you must establish proper sales procedures to ensure the highest possible return.

Disposition of equipment

A State grantee must dispose of equipment acquired under the award in accordance with State laws and procedures.